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**DEFENDANT SENTENCED TO EIGHTY-SEVEN MONTHS IN PRISON IN
FRAUDULENT INVESTMENT SCHEME**

SACRAMENTO--United States Attorney McGregor W. Scott announced today that defendant MICHAEL STAGGS, 63, of Carson City, Nevada, was sentenced today by U.S. District Court Judge Frank C. Damrell, Jr. to eighty-seven months in prison in connection with an investment fraud scheme he promoted. STAGGS was convicted on July 3, 2003 of seven counts of wire fraud following a seven day jury trial. Parole has been abolished in the federal criminal system, and STAGGS will be required by law to serve at least 85 percent of the prison time imposed.

According to Assistant United States Attorney James P. Arguelles, who prosecuted the case, the charges on which STAGGS was sentenced today relate to his involvement in promoting fraudulent investment programs during the period of August of 2000 through February of 2001. Evidence at trial showed that STAGGS solicited investors, including an agent of the Federal Bureau of Investigation who was posing in an undercover role as an interested client, to invest \$10 million in a trading program. Among other things, STAGGS and his co-defendants claimed that they had access to secret "humanitarian aid" programs sponsored by the federal government which would yield profits in the range of 50 percent every ten calendar days. STAGGS also promised his potential investors that there would be no risk to principal, claiming that these profits could be generated without the investors' money ever having to leave the bank. Evidence at trial also demonstrated that prior to participating in this fraud scheme, STAGGS had previously defrauded investors out of more than \$2.5 million by promoting similar schemes. In addition, prior to participating in this fraud scheme, STAGGS was specifically warned on multiple occasions by the FBI that these programs were fraudulent, and that if he continued to promote them he would be violating federal criminal law.

In imposing the sentence of eighty-seven months, Judge Damrell described STAGGS as a "fraudster with a criminal mind," and specifically found that he was the principal organizer of the scheme. In addition, Judge Damrell also ruled that STAGGS obstructed justice by committing perjury when he testified on his own behalf at trial.

Co-defendants MARK COLEMAN and JOSEPH NORRIS were sentenced on September

29, 2003 to 46 months and 33 months incarceration, respectively. Co-defendant CHRIS EVANS, a former attorney who had previously been convicted of an unrelated federal money laundering offense in Maryland, was sentenced on October 27, 2003 to 27 months incarceration.

This case was investigated by the Federal Bureau of Investigation and the U.S. Securities and Exchange Commission.

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